

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,)	<u>INDICTMENT</u>
)	
Plaintiff,)	
)	CASE NO.
v.)	
)	
MICHAEL LIGNOS, and)	Title 18, Sections 371, 664,
MARIA LIGNOS,)	666(a)(2), 1027, 1029(a)(2),
)	1341, United States Code
Defendants.)	

COUNT 1
(Conspiracy)

The Grand Jury charges:

1. From in or about the latter part of 1998 through late 2005, the exact dates unknown to the Grand Jury, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendants, MICHAEL LIGNOS, MARIA LIGNOS and other persons whose identities are known and unknown to the Grand Jury, did unlawfully, willfully and knowingly combine, conspire, confederate and agree with one another to commit offenses against the United States in violation of Title 18, United States Code, Sections 666(a)(2) (bribery), 1341 (mail fraud), 664 (theft from employee benefit plan), 1020 (false statements in connection with a highway project),

1027 (ERISA fraud), and 1029(a)(2) (identity theft).

Object of the Conspiracy

2. The object of the conspiracy was to use LM Lignos Enterprises to gain personal financial benefit in connection with federally-funded bridge painting projects awarded by the Ohio Department of Transportation (hereinafter “ODOT”) on which MICHAEL LIGNOS’ company, LM Lignos Enterprises, performed work by among other things, offering and paying bribes to government inspectors in return for permitting LM Lignos Enterprises to provide substandard and non-complying performance of the contracts without adverse consequences, withholding payments to unions representing LM Lignos Enterprises employees, and providing falsified financial and employment information for LM Lignos Enterprises and employees to third parties.

Method and Means

The following were the methods and means used to further the conspiracy:

3. It was part of the conspiracy that MICHAEL LIGNOS and other co-conspirators whose identities are known and unknown to the Grand Jury, would approach the on-site ODOT bridge inspectors assigned to projects on which LM Lignos Enterprises performed work, and offer and provide some form of improper compensation, such as cash, food or travel expenses for out of town trips. The purpose of the improper compensation was to influence the ODOT on-site bridge inspector in the performance of his official responsibilities, specifically, to enable MICHAEL LIGNOS and LM Lignos Enterprises to provide services inferior in quantity and quality to those required by the contract specifications, without adverse consequences.

4. It was further a part of the conspiracy that MICHAEL LIGNOS and other co-

conspirators whose identities are known and unknown to the Grand Jury, would induce the bribed ODOT on-site bridge inspectors to permit LM Lignos Enterprises and other entities associated with MICHAEL LIGNOS to conduct the following activities in order to “complete” the performance of the bridge painting contracts in reduced time and with reduced labor and materials expenses, thereby increasing the company’s profit from the project:

- a. Paint in inclement weather, and when temperatures and dew points were unacceptable; and
- b. Omit, ignore and fail to perform certain necessary and contractually specified preparatory functions to painting, such as scraping, sanding, blasting, and priming the bridge surfaces.

5. It was further a part of the conspiracy that MICHAEL LIGNOS concealed the true financial condition of LM Lignos Enterprises by inflating the company’s accounts receivable and understating the company’s accounts payable in order to make the company’s financial statements appear more favorable than they actually were.

6. It was further a part of the conspiracy that MICHAEL LIGNOS would provide ODOT and other entities with falsified financial information on LM Lignos Enterprises to fraudulently represent the company’s financial condition as being better than it actually was, so as to obtain pre-qualification status and bonding.

7. It was further a part of the conspiracy that MICHAEL LIGNOS would not report, or pay taxes on, or make payments to employee union benefit plans for overtime hours worked by employees in excess of 40 hours per week. MICHAEL LIGNOS would instead pay the overtime hours at each respective employee’s regular hourly rate with no deductions for taxes or

union benefits, and falsely record in the company's records that the overtime salary was reimbursement for travel or other expenses incurred by that employee.

8. It was further a part of the conspiracy that MICHAEL LIGNOS and MARIA LIGNOS and other co-conspirators whose identities are known and unknown to the Grand Jury, would provide false information to the State of Ohio regarding MARIA LIGNOS to enable MARIA LIGNOS to receive unemployment insurance payments from the State of Ohio.

9. It was further a part of the conspiracy that MICHAEL LIGNOS used the name and Social Security number of one of his employees to obtain a credit card under that employee's identity without the employee's knowledge or consent and incurred charges on the credit card for LM Lignos Enterprises.

Overt Acts

In furtherance of the conspiracy and to effect the objects thereof, one or more of the conspirators committed at least one of the following overt acts:

Overt Act 1

On or about December 21, 2001, MICHAEL LIGNOS provided an improper cash payment of approximately \$4,000, to an ODOT on-site bridge inspector, whose identity is known to the Grand Jury (hereinafter "Bridge Inspector # 1"), for the purpose of improperly influencing the inspector in the performance of his duties, relative to a bridge painting project, Project Number 2000-444, valued at more than \$5,000, in District 12, Lake County, Ohio.

Overt Act 2

In or about December 2000, MICHAEL LIGNOS provided an improper cash payment of approximately \$4,000, to Bridge Inspector # 1, for the purpose of improperly influencing the inspector in the performance of his duties, relative to a bridge painting project, Project Number 1999-509, valued at more than \$5,000, in District 12, Cuyahoga County, Ohio.

Overt Act 3

Sometime in late 1999, MICHAEL LIGNOS provided an improper cash payment of approximately \$2,000, to Bridge Inspector # 1, for the purpose of improperly influencing the inspector in the performance of his duties, relative to a bridge painting project, Project Number 1999-515, valued at more than \$5,000, in District 12, Lake County, Ohio.

Overt Act 4

In or about the latter part of 1998, MICHAEL LIGNOS provided an improper cash payment of approximately \$3,000, to an ODOT on-site bridge inspector, whose identity is known to the Grand Jury (hereinafter "Bridge Inspector # 2"), for the purpose of improperly influencing the inspector in the performance of his duties, relative to a bridge painting project, valued at more than \$5,000, in District 12, Cuyahoga County, Ohio.

Overt Act 5

In or about March 2001, MICHAEL LIGNOS provided improper compensation, specifically, travel and related expenses for a trip to Las Vegas, Nevada, to ODOT officials whose identities are known to the Grand Jury, including Bridge Inspector # 1, for the purpose of improperly influencing those officials in the performance of their duties, relative to bridge painting projects, valued at more than \$5,000.

Overt Act 6

In or about June 2004, MICHAEL LIGNOS caused a fraudulent financial statement for LM Lignos Enterprises for fiscal year 2003 to be mailed to ODOT, in which MICHAEL LIGNOS falsely represented the company's financial condition to be better than it actually was, in order to receive pre-qualification status for contracts issued by ODOT.

Overt Act 7

In or about April 2004, MICHAEL LIGNOS caused a fraudulent financial statement for LM Lignos Enterprises for fiscal year 2003 to be mailed to L Calvin Jones and Company, which were then subsequently mailed to U.S. Surety Bonding, in which MICHAEL LIGNOS falsely represented the company's financial condition to be better than it actually was, in order to obtain a surety bond for LM Lignos Enterprises.

Overt Act 8

Between June 2004 and January 2005, MARIA LIGNOS provided fraudulent information to the State of Ohio, specifically that she had previously worked and recently lost her job with LM Lignos Enterprises, that resulted in her receiving and accepting through the U.S. mail approximately \$4,498 in unemployment insurance checks that she was not entitled to receive.

Overt Act 9

On or about November 19, 2004, MARIA LIGNOS provided fraudulent financial information to Infiniti of Bedford, which was subsequently delivered via overnight mail to Infiniti Financial Services in Texas, specifically, MARIA LIGNOS listed that she was employed at the time by LM Lignos Enterprises, for the for the purpose of obtaining financing for an

automobile.

Overt Act 10

In or about March 2004, MICHAEL LIGNOS caused an application for a credit card account to be filed with Key Bank, using the name and Social Security number of an employee of LM Lignos Enterprises, without that employee's knowledge or consent. Between March 2004 and September 2004, MICHAEL LIGNOS incurred costs of approximately \$5,743 on the credit card.

Overt Acts 11 - 16

On or about the following dates, MICHAEL LIGNOS submitted falsified documentation to the Ohio Carpenters' Union that resulted in MICHAEL LIGNOS withholding funds from the Ohio Carpenters' Health and Welfare Fund, an employee welfare benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974 in the following amounts:

Overt Act	Date	Amount
11	4 - 1 - 04	\$1,389.76
12	5 - 1 - 04	\$3,302.40
13	8 - 1 - 04	\$1,312.80
14	9 - 1 - 04	\$3,095.13
15	10 - 1 - 04	\$6,339.39
16	11 - 1 - 04	\$8,519.46

Overt Act 17

From on or about January 1, 2004 to on or about April 2, 2005, MICHAEL LIGNOS submitted falsified documentation to the Ohio Laborers' Union that resulted in MICHAEL LIGNOS withholding approximately \$3,224 from the Ohio Laborers' Fringe Benefit Programs,

an employee welfare benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974.

Overt Act 18

From on or about August 8, 2004 to on or about November 1, 2004, MICHAEL LIGNOS filed false remittance reports to the Ohio Carpenters' Health and Welfare Fund, underreporting by approximately 1,811 hours the number of hours worked by LM Lignos Enterprises employees represented by the Carpenters' Union, in order to minimize the company's contribution liability.

Overt Act 19

From on or about February 1, 2004, to on or about January 1, 2005, MICHAEL LIGNOS filed false remittance reports to the Ohio Laborers' Fringe Benefit Programs, underreporting by approximately 520 hours, the number of hours worked by LM Lignos Enterprises employees represented by the Laborers' Union, in order to minimize the company's contribution liability.

All in violation of Title 18, United States Code, Section 371.

COUNT 2
(Bribery)

The Grand Jury further charges:

1. At all times relevant to this Count:

a. ODOT was a state government agency that received federal assistance in excess of \$10,000 during the one-year period January 1, 2001, through December 31, 2001.

b. Bridge Inspector # 1 was an agent of the State of Ohio, employed by ODOT as an on-site inspector for federally-funded bridge painting projects.

c. Defendant MICHAEL LIGNOS, was an owner, officer and agent of LM Lignos Enterprises, a painting contractor that was awarded contracts to provide bridge painting

services to ODOT.

2. On or about December 21, 2001, MICHAEL LIGNOS provided an improper cash payment of approximately \$4,000, to Bridge Inspector # 1, for the purpose of improperly influencing the inspector in the performance of his duties, relative to a bridge painting project, Project Number 2000-444, valued at more than \$5,000, in District 12, Lake County, Ohio.

All in violation of Title 18, United States Code, Section 666(a)(2).

COUNT 3
(Mail Fraud)

The Grand Jury further charges:

1. The Grand Jury realleges as if fully set forth herein, all of the allegations of Count 1, except those contained in Paragraph 1 thereof.

2. Between sometime in April 2004 and January 2005, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, MICHAEL LIGNOS, together with other persons whose identities are known and unknown to the Grand Jury, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice and attempting so to do, placed and caused to be placed, in a post office and authorized depository for mail matter, correspondence and other materials, to wit: LM Lignos Enterprises fraudulent financial statement for fiscal year 2003, to be sent and delivered by the U.S. Postal Service, and knowingly caused said items to be delivered by mail according to the directions thereon.

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT 4

(Mail Fraud)

The Grand Jury further charges:

1. The Grand Jury realleges as if fully set forth herein, all of the allegations of Count 1, except those contained in Paragraph 1 thereof.

2. Between approximately June 29, 2004 and January 15, 2005, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendants, MICHAEL LIGNOS and MARIA LIGNOS, together with other persons whose identities are known and unknown to the Grand Jury, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice and attempting so to do, placed and caused to be placed, in a post office and authorized depository for mail matter, correspondence and other materials, to wit: unemployment insurance payments totaling approximately \$4,498, issued by the State of Ohio to MARIA LIGNOS, to be sent and delivered by the U.S. Postal Service, and took and received therefrom said items, and knowingly caused said items to be delivered by mail according to the directions thereon.

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT 5
(Mail Fraud)

The Grand Jury further charges:

1. The Grand Jury realleges as if fully set forth herein, all of the allegations of Count 1, except those contained in Paragraph 1 thereof.

2. On or about November 19, 2004, in the Northern District of Ohio, Eastern

Division, and elsewhere, the defendant, MARIA LIGNOS, together with other persons whose identities are known and unknown to the Grand Jury, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice and attempting so to do, placed and caused to be placed, in a post office and authorized depository for mail matter, correspondence and other materials, to wit: fraudulent financial information to Infiniti Financial Services in Texas to obtain vehicle financing, to be sent and delivered by the U.S. Postal Service, and knowingly caused said items to be delivered by mail according to the directions thereon.

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT 6
(Identity Theft)

The Grand Jury further charges:

Between in or about March 2004 and September 2004, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, MICHAEL LIGNOS, did knowingly and with the intent to defraud, use and attempt to use, one or more unauthorized access devices to obtain goods and services aggregating \$1,000 or more during any one year period, such conduct having an effect upon interstate commerce, to wit: a credit card account with Key Bank, account number XXXX-XXXX-XXXX-1255, fraudulently opened in the name of an employee of LM Lignos Enterprises, with the intent to defraud, and used to obtain goods and services valued at approximately \$5,743.

All in violation of Title 18, United States Code, Section 1029(a)(2).

COUNT 7

(Theft from Employee Benefit Plan)

The Grand Jury further charges:

From on or about April 1, 2004 to on or about November 1, 2004, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, MICHAEL LIGNOS, did embezzle, steal and unlawfully and willfully abstract and convert to his own use and the use of another in the approximate amount of \$23,958.94, the moneys, funds, securities, premiums, credits, property and other assets of the Ohio Carpenters' Health and Welfare Fund, an employee welfare benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974 and of a fund connected with such plan.

All in violation of Title 18, United States Code, Section 664.

COUNT 8

(Theft from Employee Benefit Plan)

The Grand Jury further charges:

From on or about January 1, 2004, to on or about April 2, 2005, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, MICHAEL LIGNOS, did embezzle, steal and unlawfully and willfully abstract and convert to his own use and the use of another in the approximate amount of \$3,224, the moneys, funds, securities, premiums, credits, property and other assets of the Ohio Laborers' Fringe Benefit Programs, an employee welfare benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974 and of a fund connected with such plan.

All in violation of Title 18, United States Code, Section 664.

COUNT 9

(ERISA Fraud)

The Grand Jury further charges:

From on or about August 8, 2004, to on or about November 1, 2004, in the Northern District of Ohio, Eastern Division, and elsewhere, in documents required by Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) to be kept as part of the records of the Ohio Carpenters’ Health and Welfare Fund, an employee welfare benefit plan, the defendant, MICHAEL LIGNOS, did make and cause to be made false statements and representations of fact, knowing the same to be false, and did knowingly conceal, cover up and fail to disclose facts, which were necessary to verify, explain, clarify and check for accuracy and completeness the Remittance sheets for collectively bargained plans and Annual Report of the fund to participants, a report required by ERISA to be published, that is, MICHAEL LIGNOS knowingly underreported the number of hours worked by employees, covered by the collective bargaining agreement, in order to minimize the employer contribution liability.

All in violation of Title 18, United States Code, Sections 1027 and 2.

COUNT 10
(ERISA Fraud)

The Grand Jury further charges:

From on or about February 1, 2004, to on or about January 1, 2005, in the Northern District of Ohio, Eastern Division, and elsewhere, in documents required by Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) to be kept as part of the records of the Ohio Laborers’ Fringe Benefit Programs, an employee welfare benefit plan, the defendant, MICHAEL LIGNOS, did make and cause to be made false statements and representations of fact, knowing the same to be false, and did knowingly conceal, cover up and fail to disclose facts, which were necessary to verify, explain, clarify and check for accuracy and completeness

the Remittance sheets for collectively bargained plans and Annual Report of the fund to participants, a report required by ERISA to be published, that is, MICHAEL LIGNOS knowingly underreported the number of hours worked by employees, covered by the collective bargaining agreement, in order to minimize the employer contribution liability.

All in violation of Title 18, United States Code, Sections 1027 and 2.

Original document -- Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.

United States v. MICHAEL LIGNOS, et al.

A TRUE BILL.

FOREPERSON

GREGORY A. WHITE
UNITED STATES ATTORNEY